

14 June 1979

MEMORANDUM FOR: Deputy Director of Central Intelligence

SUBJECT : NIOs

1. Attached is the draft study I did for Bush. Marginal comments in black are his as of March 1976. Those in red are Stan's in early 1977. Much of it is still relevant (there ain't much new under the bureaucratic sun) and I am thinking my way through a memo for you on how these observations have been affected by developments since.

2. After considerable debate, Bush was inclined toward another model yet, one in which the NIOs were subordinated to the DDI. (The present situation is precisely the reverse.) He was finally persuaded to defer this in favor of Model I, but was determined to do it eventually. Incidentally, in the brief period [] had when he was not fighting for his life, he told me he could not understand why he would have two substantive organizations reporting to him.

3. Also attached is Colby's original terms of reference for the NIOs. Note the emphasis on inter-Agency work. The trouble was that he later took the position that CIA was his staff as DCI (as had Helms) but that the NIOs were the instrument through which he would run DDI production. Also, he involved them in an incredible management exercise (KIQ-KEP) that I had the pleasure of killing; they simply couldn't do it all.

Richard Lehman
National Intelligence Officer
for Warning

Attachment

STAT

MEMORANDUM FOR: DCI

SUBJECT : National Intelligence Production

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Lehman
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CAB*

Background

1. In 1973 the Director of Central Intelligence abolished the Board and Office of National Estimates and set up the National Intelligence Officers in their place. This action began a debate on the relative merits of the two institutions that continues both inside and outside the Community. In 1976, as a result of E.O. 11905, the DCI must again address the question of national estimative intelligence. This memorandum analyzes the strengths and weaknesses of each system as they have emerged from the debate, and suggests ways which the stronger elements of each might be combined.

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it has
my notes
on it*

2. The Office of National Estimates consisted of a Board of generalists supported by a drafting staff of specialists. The NIO's are themselves area or functional specialists, and are charged with drawing their drafting assistance from the analytic elements of the Community. On the other hand, the NIO's have greater responsibilities than did O/NE. Not only do they produce a broader range of national intelligence than did O/NE, but they also serve individually as staff officers to the DCI in their areas of specialization.

*Plus - integrates community
Minus - has the wolf in the sheep pen*

3. There are at least seven identifiable functions that have been performed by one or both of these institutions. Both were concerned with the management and review of national production, and O/NE with production itself. The NIO's are directly charged with consumer liaison, with liaison across Community collection and production, and with serving as an energizer of the intelligence effort in new ways and directions; O/NE played a much larger role in these activities in its earlier years than it did in its later ones. The Board collectively advised the DCI on major substantive issues; as noted, the NIO's serve individually as his substantive staff. The next few paragraphs discuss each of these functions and how it has been handled.

Functions of a National Intelligence Staff

Very important

4. Consumer liaison: active measures to maintain close contact with the consumer; definition of his needs for intelligence; transmission of those needs to the production manager and the analyst, including the policy context in which they occur; facilitating policy-intelligence dialogue; securing consumer reaction to intelligence assessments.

Comment: There is virtually universal agreement that the NIO's have been successful in consumer liaison, far more so than any previous effort. A much closer link has been established between the producer and the consumer, and the product is

clearly more responsive. They have not been any more systematic than their predecessors, however, in general assessment of consumer acceptance. O/NE, particularly in its later years, was severely criticized for an "ivory tower" attitude.

7. It waited for the tasks to come to it and insisted on answering the questions it thought worth answering; as a result, few questions were asked and fewer answers were relevant. *Bad*

5. Management of production: development of terms of reference; assignment of tasks; arrangements for assembly, coordination and review; editing and mechanical aspects of production.

Comment: O/NE managed production efficiently, largely because it was itself responsible for the production it was managing and because it had a structured system for the process. The NIO's are less efficient. This is partly because the range of production tasks is broader, but it is also because their arrangements tend to be ad hoc and because these arrangements often run athwart the lines of command of the producing agencies. The analyst must serve two masters.

6. Production itself: organization; lifting; assembly and synthesis of contributions; defense of drafts under coordination and review; preparation of resulting final drafts.

Comment: Under O/NE, production was carried out by the O/NE staff. As noted above, this was a relatively efficient process, but the staff was to some extent isolated from and aloof from the working analysts. The result was a product that was smooth and literate, but which sometimes did not face up to the facts or to the hard analytic questions. Under the NIO's, the production is done by the analysts responsible. This has paid great dividends in a product soundly based on analysis and data, as well as in analyst morale. Analysts in all disciplines feel the need to participate much more directly in preparation of intelligence assessments for senior policy officers. The product tends, however, to be somewhat rougher than under the previous system.

7. Review:

- a. Internal for: organization; coherence; accuracy; completeness; vigor of argument; validity of judgment; responsiveness to stated requirement.

Too much consensus than compromise

*W
What
Says*

- d. External for: relevance to policy concerns; responsiveness to questions that should have been asked; broad topics not addressed; counter-arguments not considered; wisdom of judgment; the "experience factor"; general quality in the sense of the factors listed under internal review.

Comment: Internal review should be integral to the management of production. Under O/NE, this was the case. Under the NIO's, it is often not clear whether the NIO or the production organization is responsible, and the product suffers accordingly. The production manager at branch or division level loses control of his analysts when they are doing a task for an NIO. Such a paper will receive considerably less management attention than would one for which the manager is fully responsible. The NIO is usually too busy and sometimes not qualified to give drafts the intensive review they require. The NIO's solution is sometimes to draft a reviewer from among the production managers. This results in a further distortion of the chain-of-command;

Make char: NIO

✓ value

the extreme case, it can keep a senior line officer away from his assigned job for as much as six months at a time.

The Board of National Estimates was at its strongest in providing external review. Because it worked collegially, it was able to provide the broadly-based overview that NIO's acting individually cannot. In addition, it was able to contribute an additional dimension drawn from its collective experience and wisdom. The NIO's, on the other hand, have been criticized for the unevenness of production and for a fall-off in quality. In effect, because of NIO specialization, the broader overview can now be provided only by the DCI himself.

not exact

8. The "stimulus" function: examination of the nation and the world to identify new questions for intelligence; review of intelligence product to identify weaknesses and gaps in collection and production; identification of new sources, approaches, and methodologies; advice to the DCI on how to deal with the above.

Comment: O/NE was more active in energizing the intelligence apparatus in the 1950's than in later years. This is more a criticism of the way the system was manned than of the system itself. The

performance of the NIO's in this function has been spotty. Some have been active in collection, and others in identifying gaps in production. Generally, however, the absence of generalists among them and their focus on short-range policy support has meant that the broader questions have received less attention than narrow ones.

9. Community liaison: action across organizational, functional, and disciplinary lines to focus analysts and organizations on priority problems; maintenance of cross-Community contact and knowledge among intelligence offices in the same or related fields; similar activities in relation to external expertise, private or academic.

Comment: O/NE, as a closed society, was relatively inactive in Community liaison. It drew on various organizations for contributions (which it often ignored) but made little attempt to draw together analysts of various agencies and disciplines or collectors and producers. In sharp contrast, this has been an area where the NIO's have done outstandingly well. They have made the individual analysts, and particularly those in obscure fields and peripheral functions, feel much more a part of the team. They have encouraged discussion

and cross functions and disciplines, and have brought the analysts themselves more into the substantive debate on estimative issues. In the past, this debate tended to be conducted by representatives two or three echelons removed from the working analyst.

10. Substantive staff for the DCI: advising him on consumer needs and intelligence capabilities; ensuring that his own substantive needs are met; representing him in certain fora; focusing Community attention on special projects that cross functional lines; trouble-shooting.

Comment: Except in a very limited sense, (e.g., on National Estimates) the members of the Board of National Estimates did not serve as advisers to the DCI. In fact, until the NIO system was created, DCI's did without any substantive staff bridging directorates, much less bridging agencies of the Community. The usefulness of such a function was demonstrated by the coordinating activities of the Special Assistant for Vietnamese Affairs, and it was on that pattern that the staff role of the individual NIO's was designed. Here again, they have made a substantial con-

*I haven't
learned on NIO's
(except Street)
but want to*

t. .bution. It should be noted, however,
that their utility in this capacity de-
pends to a great extent on the way each
DCI chooses to do business.

Evaluation of the NIO System

11. It is clear from this review that the great strength of the NIO system is that it involves the consumers at one end of the process and the analysts at the other end more directly in shaping the product. It has also provided for the DCI valuable services not previously available to him. On the other hand, while the product has been improved in the sense of relevance and in addressing difficult analytic issues, it has suffered in other ways. The responsibility for review has been fragmented by the operation of the NIO's across organizational command lines, and the advantages of a collegial review have been lost. Similarly, while the NIO's have been effective as energizers of the Community on short-range questions, their preoccupation with immediate policy support and the lack of collegial interaction means less attention given to the longer range. ✓ *agreed*

12. It would therefore appear that the problem areas lie in the relationships between the NIO's and the line production organizations, and in the absence of the broadier view provided by a collegial board. There are, however, additional problems that are not directly brought out in the analysis above.

-- The duties assigned to the individual NIO are so broad that no one individual can do them all well. In fact, on the more active accounts that involve large elements of the Community, it is difficult for an NIO and an assistant to do them at all. The result has been a great unevenness of performance. Each tends to specialize in those functions to which he is most comfortable. Moreover, since each acts as an individual, no common discipline is imposed upon them.

-- Production resources are not infinite. When one tracks down through the structure, one often finds that the entire resources of the CIA or DIA on a specialized subject of some importance are the part-time efforts of one man. The NIO's have first call on these resources, but have no responsibility for justifying them or managing them. There is no regulating mechanism to protect the long-range plans of the production manager who must think in terms of research to answer next year's questions as well as quick response to those of this year.

-- Related to this problem is the tendency of some NIO's to over-sell the product.

they will volunteer to have papers prepared that the consumer would agree would be "nice" for them to have, as well as those that are truly required. It is difficult for the production manager to identify and to resist this kind of task.

-- Some NIO's are responsible for problems, such as strategic weapons, which involve all agencies and a large commitment of resources across the Community. Others, however, work on problems that have a low ✓ priority in Community resource terms. The former have a genuine Community role to perform. The latter find that the only resources upon which they can draw are those of CIA. In effect, they duplicate the responsibilities of the corresponding CIA officer. This raises the question as to whether all NIO's should be full-time.

Proposals for Change

13. A number of suggestions have been made of ways to improve, or change the present system. They break into three categories, under each of which a broad range of suggestions have been made. These are: ways of providing better review of production, centering around the establishment of some sort of collegial board;

changes in the system for managing production to provide clearer lines of authority; changes in the responsibilities of the NIO's themselves. While these categories overlap, they can be considered, and changes can be made, independently of one another.

14. Collegial Review

-- Restoration of the Board of National Estimates. Under this approach, the Board would consist of, perhaps, eight or nine generalists chosen largely from outside the Intelligence Community. It would be advisory to the DCI, and would review national production for him and provide the stimulus function for the Community. The NIO's would continue in their present role; the Board would be a level of review imposed above them. The advantages of such an arrangement are that it provides the maximum of independent advice to the DCI and provides his product with a certain prestige deriving from the reputation of the Board and its members. Such a Board would also be useful to him in resisting external pressures of a political or policy nature. The practical disadvantages of this approach, however, are very great. It interposes another layer in an already complex process. The Board's relations with the NIO's

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and with the production elements or the Community would be difficult to manage. In effect, there would be too many senior officers answering to the DCI and stumbling over each other to get at production resources. Another practical consideration is that the NIO's already have more GS-18 positions than the entire CIA production apparatus. Imposing a Board in addition to the NIO's would make the system top-heavy indeed. ✓

2- -- A second approach is to create a Board composed of the NIO's. This by far is the simplest approach, in that it would require only that the present group act collegially on major papers. On the other hand, it would not help much. The individual NIO's are already too busy to pay a great deal of attention to other NIO's papers. Moreover, as specialists themselves, the added insights they can provide are limited.

1- -- Hal Saunders' proposal for a greater involvement of USIB in national estimates is really a proposal that USIB be a Board of National Estimates. In theory, this is an attractive idea. In practice, USIB members have neither the time nor, in some cases, the

NO!
I do not
feel as
agreed as
George - but
agree that →

Personal characteristics require for
this kind of independent review. The

- is lacking

sheer volume of national production is such that detailed review at the USIB level would have to be reserved for only the most important of papers. It is, however, something that can be experimented with in particular cases without disturbing any other changes that might be made.

✓ -- Yet another suggestion is for a part-time Board consisting of the senior officers at, say, the Office Chief level in the various producing agencies. The NIO system would continue as before, but these officers as a group would be asked to review a paper before it was transmitted to the DCI. This again is a relatively simple fix, one that has the advantage of involving the officers whose analysts have prepared the paper and who themselves are substantively capable of reviewing it. On the other hand, this is hardly an independent review, and the production Office Chiefs are busy men already.

is it his work

negate

-- A fifth suggestion would be to charge the NIO's with assembly of an appropriate panel of reviewers for each paper. This suggestion has considerable merit. The reviewers could be chosen with regard to the content of the paper, and could include senior officers of the intelligence agencies, individual analysts or outside experts. The disadvantage is that a large-scale assembly of such panelists from among officers who have other commitments might prove difficult, especially when the novelty wore off.

-- Finally, there is an idea of combining a group of NIO's acting collegially with a few generalists. Such a Board might combine the best of the 'generalists' and specialists' worlds. An independent review could be provided, and there would be some Board members who could give attention to longer-range and cross-disciplinary problems. A disadvantage, however, is that the addition of generalists to the present dozen NIO's would make the Board unwieldy in size and, as noted earlier, top-heavy in relation to the production structure. It would be necessary to reduce the number of NIO's serving on the Board in order to accommodate generalists.

15. Production Management

-- One possibility, strongly advocated by those who served in the Office of National Estimates and strongly opposed by virtually everyone else, is the restoration of a drafting staff similar to that O/NE. The arguments in favor of this are largely that most analysts do not have the required drafting skills and all analysts are too busy analyzing to give the proper attention to an estimate. The disadvantages are that the system places a layer between the analyst who is at grips with the problem and the national intelligence product. It creates an element of elitism and causes unnecessary resentment in the production organizations. In addition, the existence of a drafting staff tends to create drafts, whether they are needed or not.

-- Another solution, this one extreme, is to make the production elements themselves into a national drafting staff for the full-range of national intelligence from the most current to the longer-range estimative. In practical terms, this would involve redesignating OCI as the Office of National Intelligence and incorporating in it economic and

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military elements able to draw on the research components of CIA, DIA, and State. This Office of National Intelligence would, to the extent possible, be jointly manned by the three agencies. The NIO's would become the component chiefs within the office. A chief advantage here would be ^{CONSOLIDATION IN} the consideration of one "national" office under the DCI of a large proportion of the resources needed to meet national production needs across their full range. A disadvantage would be that it would sharply change the character of the NIO's; it would improve their ability to manage production, where there are now problems, but at the cost of weakening them in what they do best, if only from the demands on their time. The change would be disruptive, particularly for the structure of DIA, and it would be difficult to maintain smooth relations between the Office of National Intelligence and the Community research organizations upon which it would have to depend. ✓ pr ✓ JS

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-- In contrast, the least radical change would be simply to add additional assistants for a few of the busier NIO's, or a small pool

generalist drafters. While this would relieve some of the pressures on the system, and in some cases provide better drafts, it would not help in any way to resolve the conflicts between the NIO system and the production manager. Rather, it would be seen as the first step back toward an O/NE-style drafting staff and would be bitterly resisted by the production offices. In fact, once the line was breached, it would be very difficult to resist pressures for future additions.

how big problem

-- It would also be possible to return to the system that was used for the military estimates in the last years of O/NE. Under this system, the NIO's would request the DDI and DDS&T to prepare a draft, but would not be responsible for its production. Rather, the production offices would be responsible for organizing Community inputs for drafting and for Community coordination. This system worked well, and solved the problem of keeping responsibility for the quality of production clearly in the hands of the production manager. It would be seen today, however, as a step back toward CIA domination of the production process.

Don't explain

-- Lastly, the previous suggestion could be adapted to broaden the Community's role. Again, the NIO's would give up the production management function. A "National Intelligence Steering Group" would be established under NFIB, chaired by the DDI and with his opposite members from DIA and INR as members. This Committee would be responsible for production management. It would allocate tasks and develop terms of reference in consultation with the NIO's, but it would be responsible to the DCI for the quality of the product. Such a device would lessen the burden on the NIO's, leaving them free to do what they do best, while placing the responsibility for production clearly within the chain-of-command. The disadvantages are that the Steering Group becomes another layer in the process, and that it might place inordinate demands on the time of its membership.

16. Changes in the NIO's themselves. Implicit in a number of the suggestions above are changes in the character of the NIO system. Some of these could be made independently of other changes, however, and it seems useful to analyze them separately.

-- A suggestion has been made simply to abolish the system. Sentiment through-

out the Community, however, is overwhelmingly in favor of its retention in some form, and there seems little need to discuss this further.

-- A more realistic idea, and one that is built into some of the suggestions for production management, is that of relieving the NIO's of this management function. As noted earlier, this would give the NIO's more time for their staff responsibilities to the DCI and their consumer and Community liaison functions.

It would relieve the pressure to provide them more staff and might make it possible to reduce their number. Most important, it would resolve the conflict between them and the line production managers. On the other hand, it would vitiate the original concept of the NIO's, and might weaken their ability to serve the DCI.

-- It has been pointed out that some NIO's are much busier than others, that some have broad Community responsibilities while others are more narrowly focused and have few Community resources to support them.

This raises the possibility that some NIO's

Nb!

no estimates
are??

How get
reports on
costs?

examples?

should be full-time and others not. Coupled with this is the thought that some generalists might then be added to the NIO group. Part-time NIO's would combine their NIO responsibilities with management of appropriate production elements. In practice, however, these would have to be CIA officers, and the Community aspect of the NIO's would be correspondingly weakened.

-- Finally, it would be possible to go one step further and make all the NIO's heads of corresponding production organizations. If these organizations are those of CIA, this suggestion amounts to abolition of the system and return to the concept of CIA as the DCI's coordinating Staff. If they are those of the Office of National Intelligence proposed above, the Community aspect is retained, but NIO's who are organization managers will have little time for their staff or liaison roles.

how much

Some Possible Approaches

17. On the basis of this analysis, it is now possible to assemble the parts into models of working systems. We have developed five such models, ranging from something resembling the present NIO

system to a rather radical change in the way the Community does business. These models are illustrative only; features of one could, in many cases, be adapted to another. For simplicity, the diagrams emphasize the production of National Estimates. A separate set shows how current intelligence would be produced.

18. Model I is the present system with minor modifications.

✓ An external review process would be added either by requiring a collegial review of estimates by several NIO's or by the formation of ad hoc review panels. Three positions for generalists recruited externally might be created by elimination of the NIO's for Special Projects (however useful, is this an NIO function?) and for Economics (duplicates D/OER) and a consolidation of five assignments to provide one NIO for East Asia (including Southeast), one for Near East and South Asia, and one for Africa and Latin America. Each of the three might be provided an additional assistant and the generalists an assistant apiece without increasing the size of the NIO organization.

19. Model I would require little disruption of present activities. It would meet some of the felt weaknesses of the NIO system, especially in regard to external review and broad projection. It would establish a better balance among NIO responsibilities. It would not, however, do anything about the key problem of divided authority.

20. Model II addresses itself specifically to this problem. The NIO's would be relieved of any responsibility for production

management. *Grunds reasonable* Responsibility would be placed in a sub-committee of NFIB consisting of CIA/DDI, Chairman, and corresponding DIA and INR members. All requests for inter-agency production would be addressed to this Steering Group, and it would decide whether the task was to be undertaken, by whom it was to be drafted, and how it was to be managed and coordinated. Terms of reference would be worked out in consultation with the appropriate NIO. Thus line managers would again become fully responsible for their product. At the same time the valuable staff and liaison services performed by the NIO's would continue. The present "production committees" of USIB would report to the Steering Group.

21. Under this arrangement the NIO's might be reorganized as in Model I, but with a reduced supporting staff. Their total number might be reduced by further consolidation or by a system under which only those with major Community coordinating roles (Strategic Programs, Conventional Forces, USSR, China, Middle East) would be full-time. CIA officers in appropriate substantive line positions would assume the duties of the others. *possible*

22. Model II meets most criticisms of the present system and provides the means for a significantly better product. It preserves the best ^{FEATURES} ~~factors~~ of the NIO system, notably a substantive staff directly under the DCI to monitor the full range of Community activities. Its major disadvantage would appear to be uncertainty as to whether the NIO-Steering Group-producing element linkages would work efficiently. *✓✓*
100% OK

No 23. Model III is the simplest and most efficient of those presented. It would attach to the DCI an advisory Board (of NIO's, ^{sh} ⁴⁶ ²¹ of generalists, of a combination), but return to CIA the production management and coordinating function.

24. As compared with Model II, Model III would provide roughly the same degree of review. The "Board" could be constituted in any of the ways suggested. The NIO's could be retained and could do everything they now do except production management. The change would place the basic responsibility for drafting with those elements dedicated exclusively to national intelligence. This would in general produce better drafts, but it would also mean that CIA would be preparing them. The DCI would have to be willing to defend the concept that CIA is his staff if he wants to take this route. } ^{more} ^{detail}

25. Model IV is the Board/Staff of National Estimates as it used to operate. The Senate Select Committee apparently wants a return to this structure. It would be very difficult to do so, especially after analysts throughout the Community have been more deeply involved in production. The consensus is that there are advantages to a collegial board but that the staff has been overtaken by the maturing of line analysts. This solution, as noted above, no longer is a valid one. ??

26. Model V is the radical solution. In it CIA's Office of Current Intelligence would be used as the framework for an Office of National Intelligence answering to the DCI. Such an office, jointly managed and manned by CIA, DIA, and INR, would be responsible

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for the full range of intelligence production for policy support, from the most current intelligence to national estimates. It would be organized regionally, with the bulk of its analysts political, but each regional division would have strong economic and military staffs. These would in turn draw on the research elements of DIA, CIA and INR. The latter would no longer deal with current support matters, and the new office would be solely responsible, not only to the DCI, but also to the Secretaries of State and Defense.

27. A generalist Board of Review might well continue advisory to the DCI, but under this concept the NIO's would become the line officers responsible for production in their areas of interest, e.g., the Chief, Western Hemisphere, of the Office of National Intelligence would also be the NIO for the Western Hemisphere.

28. Model V would be a real departure in the direction of Congress' original intent in 1947. It, in effect, reinvents CIA. It would also be extremely difficult to administer well. In particular, joint manning could be a problem. The core would have to be CIA, but neither DIA nor State would readily come forward with personnel of comparable quality. If they did not, and if the organization could not be managed as a cooperative enterprise, then the DCI would have given up effective CIA mechanisms for even more cumbersome Community coordination.

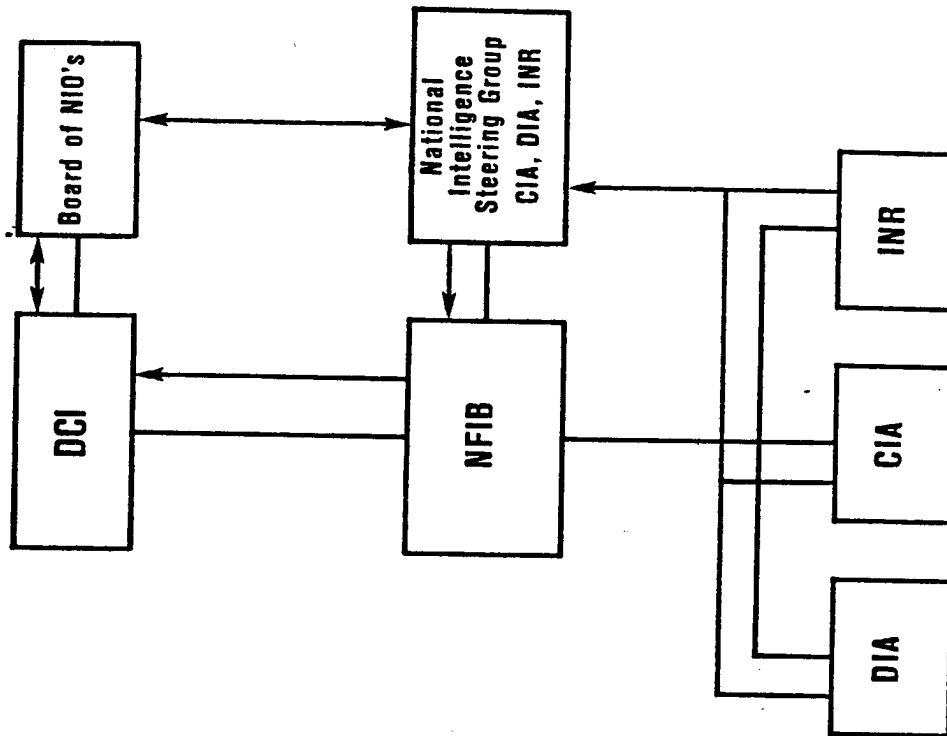
Too late

29. On the other hand, Model V would provide a single source for intelligence in support of national policy. Thus the same analysts, using the same sources, would be producing current intel-

Intelligence, national estimates, and all the forms in between. This would provide a greater coherence to national reporting. Model V would provide the maximum centralization of the production function under the DCI. It also would have the disadvantages of Model IV in spades: potential elitism, isolation of analysts from drafters, and drafters from hard facts; NIO's limited in their cross-functional roles.

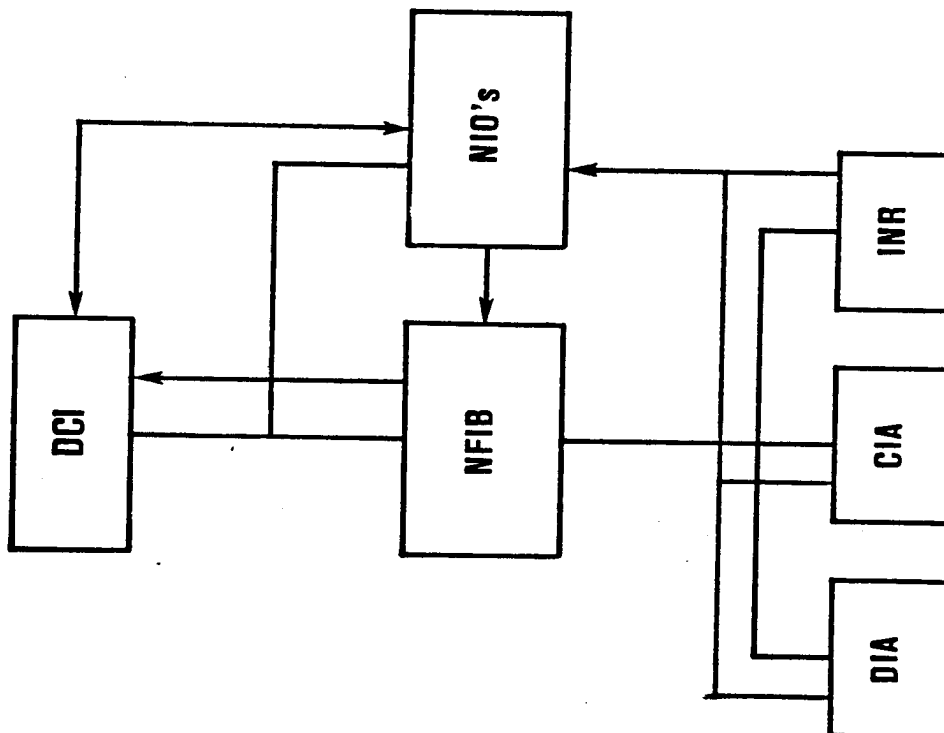
Estimative Intelligence Model II

Present system with production management
separated from NIO's



Estimative Intelligence Model I

Present system with minor modifications

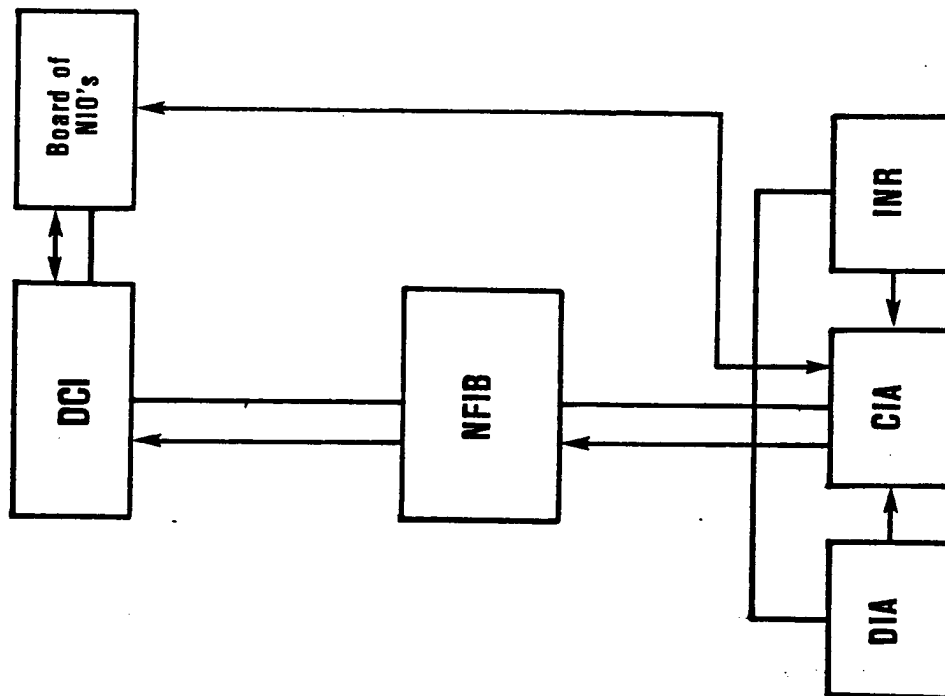


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Estimative Intelligence

Model III

Adaptation of system used for military estimates 1970-73



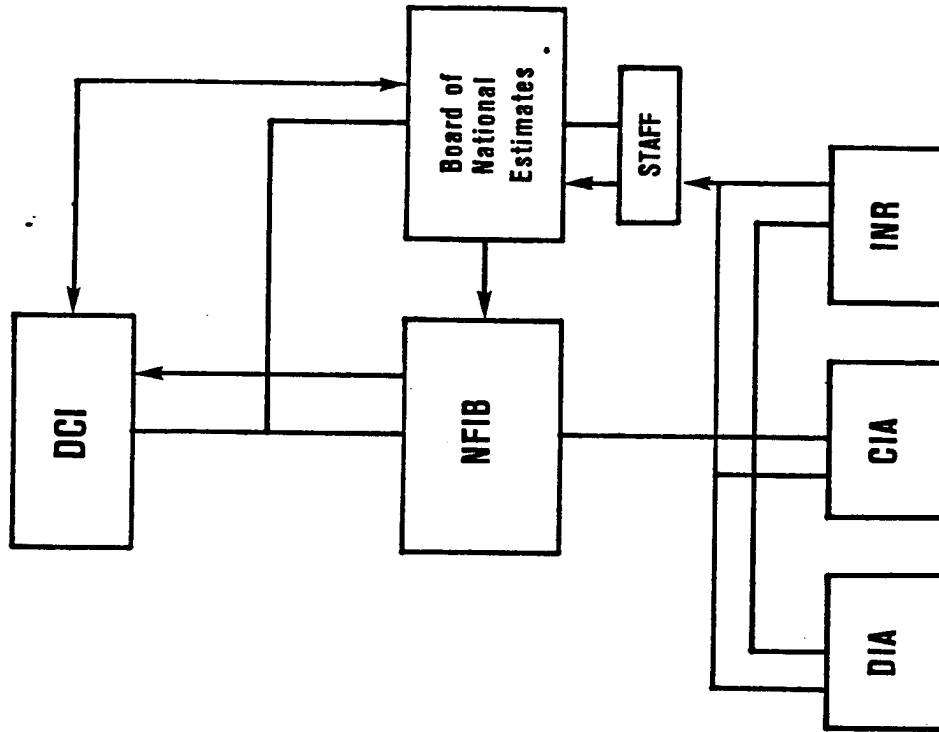
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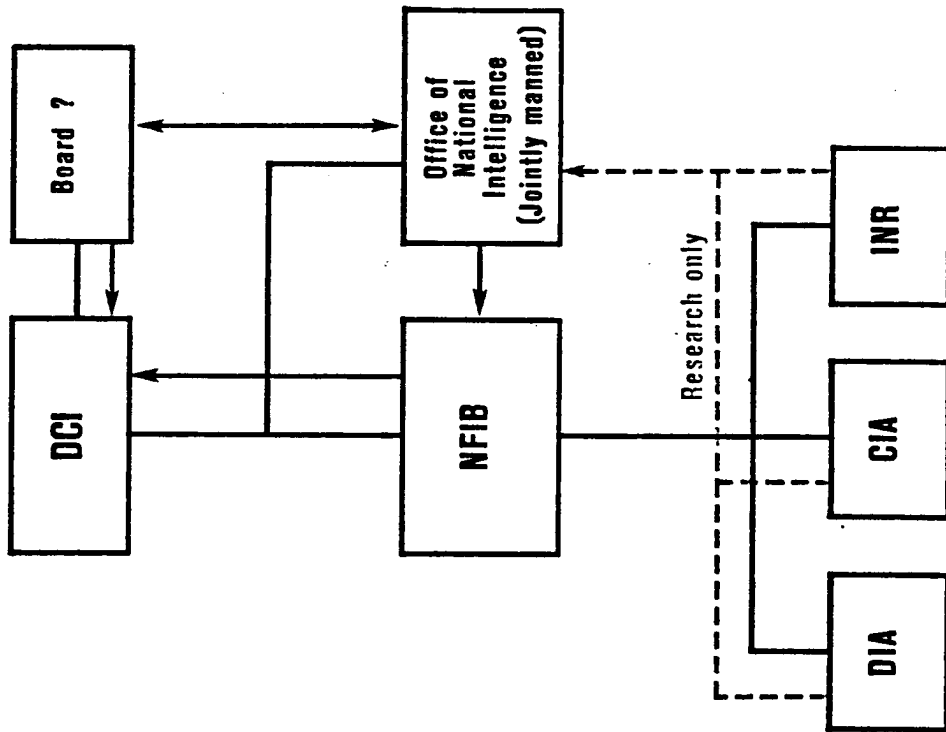
Estimative Intelligence

Model IV

System in use 1951-69



**Estimative Intelligence
Model V
Central Community production facility**



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— CONTRIBUTIONS

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